



April 20, 2020

Banks Eager to Help With PPP Loans, but More Funding Needed

In the last couple of weeks, small business owners and members of the banking community were engaged in a flurry of activity in order to utilize Paycheck Protection Program (PPP) loans. Participants scurried to beat the clock as the \$350 billion in loan funds quickly dwindled and finally ran out on April 16, less than two weeks after program began.

PPP loans were created through the CARES Act (Coronavirus Aid, Relief, and Economic Security Act) to allow small businesses to be able to pay employees throughout the COVID-19 shutdown, preventing layoffs and saving jobs. The loans are backed by the Small Business Administration and will be forgiven if funds received are applied to payroll, rent and utilities.

The Indiana Bankers Association applauds the quick action of the federal government in implementing the Paycheck Protection Program, but more action is urgently needed through additional funding. A recent request for \$250 billion in supplemental funds was stalled in Congress, and as a result the SBA has stopped accepting applications for PPP loans.

The problem is that not all small businesses could act quickly enough to take advantage of the Paycheck Protection Program. The larger of the small businesses – defined as businesses of 500 or fewer employees – were more likely to have access to in-house accountants and legal counsel who could guide them into acting quickly to apply for the loans. Many of the smaller, more vulnerable businesses missed out.

Additionally, some of the qualifying rules of the PPP loans changed midstream. Sole proprietors and independent contractors, for example, were at first excluded from eligibility, but one week after program rollout were permitted to apply. These business owners lost a full week of time to apply for a loan program that would soon run out of steam due to inadequate funding.

The abrupt halt of the Paycheck Protection Program is a serious blow to the economic recovery we so desperately need. Small business is the backbone of the U.S. economy, employing nearly half of the U.S. private workforce, per SBA statistics. There are more than 30 million small businesses operating throughout the country.

Main Street America, an economic development network, on April 14 published survey results indicating that nearly 7.5 million small businesses nationwide reported being in danger of closing over the next five months because of the pandemic. These closures could put nearly 35.7 million Americans out of work. In Indiana, 56.9% of small business survey respondents estimated closure within the next five months.

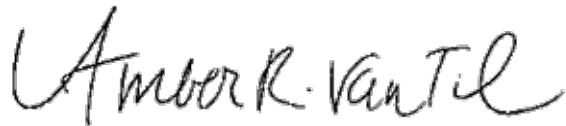
We cannot allow the small business sector to fail. Additional funding must be injected immediately into the Paycheck Protection Program. What is encouraging is that we have a mechanism in place through PPP loans to support small business. Now we need to fuel that machine with funds.

8425 Woodfield Crossing Blvd.
Suite 155E
Indianapolis, IN 46240
phone/fax 317-387-9380
indiana.bank
@indianabankers

Since April 3, when the first PPP loan application was entered into the SBA “E-Tran” portal, the banking community has learned much about how to maximize efficiency of loan applications. Initially some banks were unable to access E-Tran, despite repeated efforts, but those technical issues have since been resolved. There also were some operational delays due to system overload, but many success stories as well.

Per the most recent SBA Paycheck Protection Program Report, as of April 16 applications for 1,661,367 loans were approved, totaling \$342,277,999,103 gross dollars. In Indiana, banks assisted in completing 35,990 PPP loans by April 16, totaling \$7,491,445,351 in approved dollars. This success resulted from hard work. I’ve heard from several bank leaders who reported working literally through the night to process applications as quickly as possible.

The Indiana banking community stands ready to resume helping small businesses through the PPP loan application process. We have a system in place and bankers eager to help. Now we need Congress to provide the funding needed to help small business stay in business and preserve livelihoods in Indiana and nationwide.

A handwritten signature in black ink that reads "Amber R. Van Til". The signature is written in a cursive, flowing style.

Amber R. Van Til
President and CEO